

Testimony of

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Chairman Goodlatte, Ranking Member Peterson, and distinguished members of this committee, thank you for allowing me the opportunity to testify on Federal Farm Bill policy. And thank you, Congressman Sodrel for welcoming me to the Hoosier State. You and your fellow Indiana legislators have a phenomenal reputation for making Indiana a state that is friendly to its farmers and for making agriculture its top priority. I commend you.

My name is Julia Baehre Hersey and I am a fifth generation fruit grower. I am part owner of Hersey Brothers, a fruit growing, storage, packing, shipping and sales organization. Hersey Brothers owns 800 acres of apples, cherries, and peaches and is located north of Grand Rapids, not far from the Lake Michigan shoreline in the heart of Michigan's fruit belt.

Agriculture is the second largest industry in Michigan after the auto industry. To give you a clearer picture of the significance that agriculture plays you may be interested to know that agriculture generates 60 billion dollars a year while the auto industry generates 80 billion dollars a year. It is believed that agriculture will soon surpass the auto industry in Michigan.

I am chairperson of the Michigan Apple Committee, serve on the executive board of the U.S. Apple Association, and am vice president of my county farm bureau. Today I speak to you as a farmer of specialty crops.

Michigan is ranked second in the nation for its diversity in specialty crops after the state of California. We are the top producers of several crops including tart cherries, blueberries and dry beans. Apples are the largest fruit crop grown in the state of Michigan with an economic impact of over 450 million dollars. Also noteworthy is the fact that specialty crops represent 51% of all farm cash receipts in the United States, yet we receive considerably less consideration in the current Farm Bill programs.

Chairman Goodlatte, thank you for holding these field hearings. I understand that several have already been held and that more are planned. The specialty crop industry in Michigan and throughout the country strongly supports this reauthorization process. I understand that some have called for an extension of the current Farm Bill; however, to do so would be to ignore the many changes that have occurred since those policies were first created, so many years ago. Extension of the current bill would be using Depression-era tools to compete in the 21<sup>st</sup> century global marketplace.

This is particularly true for the specialty crop industry both in Michigan and across the country. The availability of cheap imports coupled with increased production costs has created new challenges for the fruit and vegetable industry. In my own state of Michigan the influx of Chinese apple juice concentrate has put many apple growers out of business and imports of Peruvian asparagus have decimated the state's asparagus industry.

The challenges and opportunities of today's global economy call for a new direction in agricultural policy and I welcome the opportunity to testify on this issue today.

Our nation's specialty crop producers are confronted with a number of challenges that threaten their viability and, in some cases, their survival. While the economic strength of my industry is a top concern and may appear somewhat self-serving, it really is not. The survival of agriculture in the United States touches every citizen and many of their basic concerns about life – good health – having enough to eat – food safety.

Though the specific needs of Michigan apple growers may be different than the needs of Washington apple growers or Florida citrus producers, there are number of things to which we all agree. The specialty crop industry is not looking for a direct payment program. We feel that price and income supports distort the market, can have adverse trade implications and foster inefficiency. Instead, we are advocating for programs that grow demand and build the long-term competitiveness, sustainability, and preserve the very *survival* of the specialty crop industry that represents more than half of the farm-gate receipts in the United States.

There are several areas I would like to highlight that require your assistance, through the Farm Bill, to insure our existence:

#### Promotion Programs for Increased Consumption and Better Health

A vibrant fruit and vegetable industry will produce a strong return on investment for all of America, not just producers. Our industry believes that our agriculture and food policy should better reflect the *2005 Dietary Guidelines for Americans*.

The next Farm Bill should include a Fruit and Vegetable Nutrition Promotion Program designed to help all Americans increase their consumption of fruits and vegetables to meet the 2005 guidelines. Meeting Federal health guidelines would require the average American to double his or her consumption of fruits and vegetables, an increase in demand that would create significant market opportunity and value to U.S. growers. The program would be a cost-effective way for the Federal government to invest in sustainability of U.S. fruit and vegetable growers while tackling the critical obesity and health crisis that is draining on individual American wealth and depleting Medicare.

We need to reach the consumer at an early age to help establish habits that will last a lifetime. Studies show that on any given day 45% of children eat no fruit at all and 20% eat less than one serving of vegetables. Expansion of the Fresh Fruit and Vegetable Snack Program could help reverse this trend. Michigan has benefited from being one of the 14 states currently participating in this program. The Michigan Apple Committee leverages this program by communicating with and visiting the participating schools. We help these schools – and others – find sources for locally grown apples, and provide them with healthy recipes, student activity sheets, posters and other information. The next Farm Bill should expand the program to all 50 states, providing opportunities whereby young students can reach for fresh fruits and vegetables as snacks teaches good habits for life.

For these same reasons, I strongly support an expansion of the Department of Defense (DOD) Fresh Program and Section 32 purchases of fruits and vegetables. These programs are a win-win for the produce industry and for our children.

### Increasing Competitiveness

Apple producers and the entire specialty crop industry continue to face mounting pressures from the decrease in available crop protection tools. EPA recently announced a preliminary decision to phase out the use of Guthion for apples – this is a critical tool for the Michigan industry. Chairman Goodlatte and Ranking Member Peterson: I know that you were both supportive of continued use of this product and we appreciate your leadership on this issue and we urge you to see what can be done to maintain the use of this critical product.

Against this backdrop, consumers are placing increased value on agricultural production that is more environmentally friendly through conserving and enhancing our natural resources. For these reasons, programs such as the Environmental Quality Incentives Program (EQIP) should be expanded in the next Farm Bill. The directive by the Congress in the last Farm Bill to target more outreach and funding to specialty crops has really paid off for Michigan growers. Today, EQIP provides cost sharing for a number of activities including: integrated pest management, insect scouting establishing buffer strips, and removing neglected orchards. By last fall, the cherry, apple and asparagus growers in two counties of Michigan had contracted for nearly \$3 million in EQIP grants and an additional \$6 million in conservation practices. EQIP helps our growers adopt practices that are better both for their land and resources and their businesses.

Federal farm policy should also re-emphasize the need for significant investment in specialty crop research and development in order to keep fruit and vegetable producers competitive in a rapidly evolving and highly competitive global marketplace. Of particular interest to apple growers are research programs that improve labor productivity, rootstocks and varietal selection, production efficiency, fruit quality, and

address other challenges to the future competitiveness of the industry. I support proposals to mandate an emphasis on specialty crop research as part of the National Research Initiative (NRI) and to establish grant programs within the USDA with the goal of improving the efficiency and competitiveness of specialty crop producers.

### Building Demand

The apple industry exports about 25% of our crop. The Market Access Program (MAP) has enabled us to break into new markets – such as Mexico – while maintaining and growing other markets including Michigan’s largest export market, the Central American region. In addition to our fresh apple promotions, this summer Michigan apple processors are using MAP funds through MIATCO to explore the possibility of selling Michigan-made, single serve applesauce cups to Mexico. I would urge the Committee to consider further expansion of the MAP and the Technical Assistance for Specialty Crops (TASC) programs in the next Farm Bill. These programs have helped level the playing field as we compete in the export market against countries such as China and Chile that have much lower production costs.

Today, the produce industry faces a net trade deficit. This makes programs such as the State Block Grant Program critical to our industry’s survival. Authorized under the Specialty Crop Competitiveness Act of 2004, this program builds on the success of the 2001 State Block Grant Program. The program allows each state maximum flexibility to determine what types of programs best serve producers in that state. The local administration of this program is critical to its success as the needs and challenges that specialty crop producers face varies greatly from state to state.

Surely many of you have noticed the fresh apple slices now served at McDonald’s. Anti-browning technology, which allows for their sale at such outlets, was developed with the help of funds from Michigan’s original block grant program. This is but one concrete example of the effectiveness of the block grant program. Expansion would mean

increased funds for marketing, trade promotion and research that would benefit apples and the entire specialty crop sector.

Also key to our continued competitiveness is a prohibition on planting fruits and vegetables on acres of land receiving program payments. We strongly support the continuation of this provision as a fundamental matter of equity among farmers. As long as some farmers receive direct payments from the government, they should not be allowed to plant crops on that subsidized land in order to unfairly compete with unsubsidized farmers.

### Immigration

While I recognize that immigration issues do not fall under the jurisdiction of this committee I would be incredibly remiss if I did not take the time to comment on the issue of immigration reform and specialty crop agriculture. Our industry strongly favors securing our borders. However, if in the process we do not develop a workable guest worker program for agriculture, the time spent here will be for naught because we will absolutely cease to exist. This is, in my opinion, the greatest immediate threat to my family farm and to the whole specialty crop sector. Furthermore, I believe that most people are completely unaware of the repercussions for our national security of moving our fruit, vegetable, and other intensive labor crop production to foreign countries.

### Conclusion

Today's specialty crop industry faces challenges never imagined by the producers of my Grandpa Baehre's generation. Our industry is prepared to meet these challenges head-on. In order to be successful, we need programs that grow demand and build long-term competitiveness.

Without these kinds of programs, we could see U.S. specialty crop production – U.S. apple production -- relocate to foreign growing areas with far fewer regulations, abundant

labor, and lower production costs. The outsourcing of our food supply would not only be economically devastating to our production areas, but would also be a threat to our national security. Remember my earlier comments: When it comes right down to it, Americans have very basic needs. They want to be in good health, have enough to eat, and be secure in the knowledge that what they feed themselves and their children is a safe product.

Thank you for allowing me to testify today, we look forward to working with you in the development of the next Farm Bill. I will be happy to answer any questions.